HOUSING: THE CITY AND THE UNIVERSITY

Prepared by

City of Berkeley - University of California
Community Affairs Committee
Housing Task Force

April 1975

City of Berkeley—University of California **Community Affairs Committee**

2334 Bowditch Street
Berkeley, California 94704
(415) 642-4761

April 17, 1975

Dear Friend:

Since its inception in September of 1973 the Community Affairs Committee Housing Task Force has been continuously working to develop a perspective and plan regarding University-related housing, with hopes of recommending viable steps to be taken to reduce the adverse effects on the housing situation. The Task Force recognizes the tremendous impact that the University's constituents have on housing in Berkeley.

The enclosed report represents the product of this endeavor. While there remain many questions and issues that still need to be examined, the CAC believes the work of the Housing Task Force is the first step toward understanding and resolving an extremely complex housing situation. The Community Affairs Committee was created in an effort to develop more cooperation between the University and the City. With this in mind we ask you to study, discuss and criticize, to begin a productive process which will hopefully lead to a more satisfying and creative environment for all of us.

We ask that the report's recommendations be acted upon by both the City and the University. We invite your participation in the future discussion on housing in Berkeley. We submit to you the Community Affairs Committee Housing Task Force Report, Housing: the City and the University.

Sincerely,

Geo. Scotlan

George Scotlan
Chairman
Community Affairs Committee

Carol Sibley

Carol Sibley
Chairman
Housing Task Force of the
Community Affairs Committee

CONTRIBUTING MEMBERS OF THE HOUSING TASK FORCE

Carol Sibley - Chairman of the Task Force and City-appointed member of CAC; business woman.

Rev. Gustav Schultz - Vice Chairman of the Task Force; Pastor of University Lutheran Chapel.

Prof. Frederick Collignon - Professor, Department of City & Regional Planning: UC Berkeley.

Janet Johnson - League of Women Voters, Housing Chairman; member of City of Berkeley Master Plan Revision Committee.

Neil Mayer - Member of Housing Committee of the Planning Commission, City of Berkeley.

Alceste Pappas - Director of Housing & Child Care Services: UC Berkeley.

Mary Reynolds - Planning Department, City of Berkeley.

Walter Taylor - President, W. J. Taylor & Company, Inc.; East Bay developer.

Austin Thompson - Assistant Vice Chancellor for Community Affairs: UC Berkeley.

Bob Wailes - Student Community representative.

Ed Weil - Representative for University Students Cooperative Association.

Steven Dantzker - Technical Assistant.

Andrew Sun - Executive Director of CAC.

The following also contributed at one time:

Louise Ma - graduate student; former member of CAC.

Eugene Troupe - contractor and builder, South Berkeley.

Lee Rosenthal - former law student at Boalt; former member of CAC.

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SUMMARY

- The City and the University must both accept their responsibility for the present housing situation in Berkeley.
- There exists an extreme shortage of housing available in Berkeley for all people and this will continue to be the case for some time.
- The University would meet resistance and opposition by neighborhood groups if the University attempted to build housing solely for students in the many neighborhoods.
- Conversions of housing to institutional uses must be discontinued and reversed wherever feasible, particularly in the campus area.
- While urging the University to provide more student housing, the City maintains restrictive land use policies which make building and development of student housing difficult.
- The City should
    - develop housing policies which address the apparent conflicts in areas such as growth vs non-growth, more housing vs concerns for neighborhood preservation, and decreasing density vs desire for more housing units.
    - be responsive to University needs and requirements in developing City housing policy and work cooperatively in this area.
    - work with University officials on the development of a joint housing policy.

- examine cooperative methods to finance housing for Berkeley residents, including University people.

- The University should
  - accept responsibility for the impact of its population on housing in the City and should make this a major consideration in future planning.
  - develop a permanent department of housing with the responsibility to analyse, coordinate and recommend policies and actions.
  - undertake in cooperation with the City, the development of long range housing policy.
  - examine alternative means of financing housing construction.
  - identify the feasibility of University housing for faculty and staff as well as students.
  - investigate the willingness of University people to live further from campus than they do.
  - consider in addition to sites in Berkeley, the availability of building sites outside of Berkeley, particularly to the East on the other side of the hills and to the North in Albany, El Cerrito and Richmond.
- The Housing Task Force of the CAC and other appropriate City/Community groups should be actively involved in the process of developing University housing policy.

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INTRODUCTION

The Housing Task Force of the Community Affairs Committee was formed to investigate the housing needs of University faculty, students and staff, and their impact on the housing market in the City. Additionally it was charged with offering solutions to those needs that were acceptable to City and University. In the course of its inquiry, the Task Force discovered that most of the information needed to make intelligent decisions about university-related housing does not now exist and we have not had the staff or the resources to develop it. Despite this we have reached conclusions which we believe would be supported by any investigation of demand, financing and site availability even though we have not been able to make an absolutely concrete recommendation such as: The University should build w units of housing, at x site, of y design for z mix of faculty, staff and students." Our conclusions are more general, but still quite definite. We discovered a great deal. First we found that the University in Berkeley presently seems to have no explicit long range policy for the housing of its students, faculty and staff. It appears to be somewhat unsure as to how it ought to proceed. This report attempts to reflect present reality and is a necessary starting point for a discussion of the problem.

When we began to discover that there was no University housing policy, we decided that our main task was to spur the formation of one. We were particularly concerned that the process take account of issues which we felt were at the heart of the University-City housing dilemma, but which the University in the past declined to consider relevant to its decision-making process. We also decided that we would attempt to become a part of that process in order to move the University in the direction we felt it ought to go on those issues.

We recently learned that the University, partly in response to groups like the Task Force of the CAC, is planning to commission a comprehensive study on the University housing problem in order to develop a long term housing policy. *This knowledge spurred us on, and changed the thrust of this report somewhat. While we do not have answers in numbers, we have agreed upon what the issues are. This report is above all a statement of what we believe must be encompassed by the upcoming study. We feel that the area of inquiry must be broader than is now contemplated by the University, and deal with the issues we raise here.

We have also taken definite positions on how these issues could be resolved, based on our consideration of the problems from the viewpoint of the City-University interface. We think our conclusions and solutions are probably such that they would not appear in the typical in-house University study of the problem. We urge that they be considered and investigated by the University.

We have a very definite idea how this report should be used. It should absolutely not end up on a dusty shelf somewhere. We think first, that

*This study was requested of the University Office of Housing and Child Care - Alceste Pappas, director, by Arleigh Williams, Assistant Vice-Chancellor Student Affairs.

our statement of the issues represents the broader point of view needed today, and that our recommendations contained herein as to the content of a complete investigation, should be adopted by the University as the basis of its upcoming study. However, having the University agree with us about what needs to be considered is not enough. It is equally important that the University consider the issues from a wider prespective than it has in the past, and particularly give serious consideration to the possible courses of action suggested here which depart from traditional practices.

Therefore, we believe, second, that this Task Force should be actively involved in the process of developing University housing policy. We would like direct input which would insure that the points of view stated in this report are represented in the policy development process. This would be a major step toward avoiding a repetition of the usual scenario played out between University and community, where the University conducts a private in-house study with no outside consultation, leaving the rest of the community no course of action other than bitter attack. The University and the City must work together, which may lead to compromise on long-held beliefs and policies in the housing area. The process will be much more fruitful if it is done through cooperation rather than confrontation. Direct input from this report will also benefit the University in that we have contacted and identified relevant groups in the community whose participation would greatly assist in any policy formation process.

Finally, we believe that the housing problems of University students, faculty and staff will not be solved by this or any other study, even if recommendations are implemented. The University housing problem is volatile, requiring both long range planning and the ability to respond quickly to sudden changes. We have concluded that one of the reasons why students' housing is in such a state of chaos in Berkeley is that there is no one office charged with overall responsibility for housing policy. We have discovered at least half a dozen places: Architects and Engineers, the Student Housing Office, the Departments of Architecture and Planning to name four, which regularly do research and data gathering, and some often academic planning. But so far as we have been able to ascertain, no one really does anything with all this immense effort. There already exists an enormous amount of information about housing in various places around the University, but there is no centralized office which knows where all information is, or what is there.

If there were an office charged with collecting all these studies, gathering the data into one central library, seeing what it all meant, and maintaining a campus-wide policy constantly updated in light of changing reality, much of the problem which led to the formation of the Housing Task Force in the first place would be solved. Various unsuccessful attempts have been made to at least gather together the existing information, but the University has really done an inadequate

job of housing planning.

WE THEREFORE RECOMMEND THAT THE UNIVERSITY DEVELOP A PERMANENT DEPARTMENT OF HOUSING, WITH POWER TO RECOMMEND ACTION AND POLICIES.

Accepting this report as a guideline, this new department should assume the responsibility of the Task Force; namely, it should keep aware of the housing situation and possible solutions.

We are not, however, placing all the responsibility at only the University's door; the City must share the blame also. While the University plays a powerful role in Berkeley, it is not an entirely free agent. It moves in and reacts against a background determined by the City government, and within the context of the overall University Administration governed by the Regents. Different factors representing different constituencies have taken such contradictory positions on municipal housing that it would be difficult for anyone, University or otherwise, to engage in intelligent planning about housing.

If anything is to be done about the impact of the University on the housing market in Berkeley, <u>both</u> sponsors of the Community Affairs Committee must cooperate more effectively and more frequently. This report will consider each in its turn.

ANALYSIS OF THE UNIVERSITY HOUSING SITUATION

There are presently about 37,500 students, faculty and staff at the Berkeley campus, although some of these categories overlap. In 1972 the University residence halls had spaces for 2,933 single students. They consist of 12 nine-story buildings adjacent to the campus on the southside and Manville Hall, Bowles Hall and Stern Hall on the east side of campus. There were 1,022 apartments for married students, with 920 units in Albany Village and 102 units at the top of Dwight Way in converted residence halls. The University Student Cooperative Association housed 1,215 in 13 buildings in the campus area. During that same period there were 26 fraternities and 11 sororities housing 1,250 students. International House accomodates around 500 students. These make a total of 6,920, about 27% of the student body.

Berkeley is a city of approximately 115,000. It is clear that if any large percentage of University-connected people choose to live in Berkeley, they have an enormous impact. Beyond this basic agreement, ideas as to how serious the problems are vary considerably. The Housing Task Force was created by the CAC in response to this situation and problems arising from it.

At one extreme are people within the University, in positions of responsibility, who deny that there is any problem at all. "After all," they say, "how could there be any problem? Everybody finds a place to live, don't they? I don't see anyone living in the street." This view takes the position that so long as University people find a roof over their heads, the University's responsibility is discharged and questions relating to how much they have to pay, what the quality of that housing is, and what effect they are having on the City or on the students' health and morale are irrelevant. Other people in the University take the position that the University has some responsibilities to house its students, but that existing projects have discharged it by reaching about 25%, if we count every facility. Others feel that there might be a need for additional housing, but that constraints against it are too great. In another category there are those who believe that the University needs and has an obligation to build additional housing.

What unites all these groups within the University is a perception that the considerations which bear on the University housing situation are much narrower than what the Housing Task Force thinks are important. Most University decision-makers seem to think that the question whether to build housing is a dollar and cents calculation, in which costs of financing and construction are used in projecting necessary rents. These are then plugged into estimates of market demand to see if the proposed buildings would be sufficiently occupied over the life of the construction debt to pay off the obligation. But even if demand exists, such people would still be against building. Their position comes from a perception we found within the University that it should only build housing

if it turns out there is such a shortage in the private market. To make more private housing available to the non-University population does not justify construction, according to this view.

This reluctance to build new housing comes from a wide-spread feeling within the University that its impact on the City of Berkeley is not an important consideration in making decisions about long range planning in the area of housing.

Since People's Park and Isla Vista, the University has become more willing to accept responsibility for the consequences of its presence here than before. But there remains a strong influence based on the traditional concept that the University is an educational institution whose overriding concern is providing quality education and cannot concern itself with its impact on the surrounding town. As long as students are being housed by the private market, some in the University perceive that there is no need for more University-constructed housing, even though student pressure on the private market is creating severe problems for the balance of the Berkeley community. This is a far cry from the spirit of responsibility and cooperation which the University brings to the CAC. Once outside the Committee room, old attitudes seem to reappear.

Certain perceptions within the University go even further. Many people feel that not only is the University's impact on the City irrelevant to planning decisions, but that if we are going to talk about impact, it should be recognized that the University is the greatest thing that ever happened to the City. It pumps in huge amounts of money and gives the City of Berkeley its liberal reputation and provides the framework for the City's incredibly diverse social fabric. These same people then point disparagingly to other communities in the East Bay to show what Berkeley would be like without the prestigious University.

The Housing Task Force strongly disagrees with these attitudes. The University is making an effort to change, but much more needs to be done. No longer can the University continue to plan as though the City of Berkeley does not exist. Faculty, students and staff constitute at least one quarter and probably more of the City's population. This group has a major impact on housing in Berkeley. Even if the University wishes to reject its responsibility for housing a larger proportion of this group, the problems will not disappear. The formation of the Community Affairs Committee itself is a recognition by the University and the City that they must work together in solving mutual problems.

THEREFORE, THE HOUSING TASK FORCE OF THE CAC RECOMMENDS THAT THE UNIVERSITY ACKNOWLEDGE ITS RESPONSIBILITY FOR THE IMPACT OF ITS POPULATION ON HOUSING IN THE CITY, AND THAT IT AGREE TO MAKE THIS IMPACT A MAJOR CONSIDERATION IN ITS FUTURE PLANNING PROCESS.

As to what the nature of that impact is we disagree with those attitudes which maintain that the University has no impact or that it is beneficial to the City. It may well be that before the Second World War the Univer-

sity's activities were of great benefit to the City. But since then, increasingly, the University has had a serious impact on Berkeley's housing and its tax base.

Berkeley is basically a single-family residential city, except for these areas which have been converted to apartments in response to student demand. Until the early 1960's the pressure for apartments remained fairly constant, and most development of private housing was on southside and the near north. But after 1963 or 1964 large numbers of single and young married individuals began moving to Berkeley, many attracted by the political movements which began with the Free Speech Movement and by all the rapid lifestyle changes then going on in America, in which the Bay Area served as the focal point. These people began to compete for housing which had traditionally been demanded only by students.

Demand for housing from that group leaped ahead after 1964, with the result which we see going on even now: a tremendous increase in rents accompanied by a deterioration of property as speculators and owners took advantage of this group's willingness to accept less than perfect buildings. As demand continued to increase, young people spilled out of the traditionally student neighborhoods, into traditionally family-occupied areas. Rents began to go up, forcing out those more traditional families. Many homes were sold to speculators, who converted them into apartments. Density increased along with traffic and parking problems.

The neighborhoods were ill-equipped to respond at first, but have over the years become much better organized. The Berkeley Tenants Organizing Committee, the Rent Control effort, and now the Neighborhood Preservation Ordinance and the Master Plan Revision Program are all in part responses to the pressure on the housing stock in the City.

The latest trend in this area has been a great increase in the number of single-family houses now rented by groups of unrelated individuals, who can pay rents much too high for any one family, but where each person can easily afford a share. The Task Force knows of numerous instances where a family paying $250 a month for a house was evicted by landlords planning to rent to four or five young people for $100 each.

The problem is that there is simply not enough housing in Berkeley for all the young people, both student and non-student, and for everyone else (working families and retired people) to find decent housing. And the housing market, being governed by supply and demand like all markets, allocates its scarce resources according to price. It delivers them to those who can pay the most. In this case it is students and other young people who can pool their resources and are willing to live together, and highly paid young professionals who can afford high rent alone. This results in conversion to crowded apartments, deterioration of the housing stock, and those who cannot afford the current rents being driven out of the City.

Southside has spread enormously in the past ten years, and now stretches to the west, down to Grove Street and below. Northside has fared better, but many of the single houses there are now also occupied by groups. We feel that the Flatlands are next, a view also held by the Berkeley City Planning Department. The housing stock there is aging and becoming more difficult to maintain, making it a perfect target for speculators seeking to avoid the disincentives on new apartment house construction presently existing in Berkeley by buying up older houses and renting them to groups. The Planning Department is genuinely concerned that Berkeley could turn into a city of the wealthy in the hills, with a large proportion of younger people facing threatened moderate income neighborhood people living in the Flatlands. Many community groups are uniting to keep out speculators who intend to take over housing and rent to groups while letting it deteriorate.

The University can do something to prevent this trend from accelerating. Every student, faculty or staff member who lives in University housing is one more person removed from competition for private housing. If the University could remove substantial numbers of people from the market, the demand pressure which is causing this skewing of the City's housing stock would be considerably relieved. This would make more housing available to other residents at prices they can afford.

The Task Force is also concerned about conversion of housing stock to institutional and research activities. In recent years, many buildings located in the area adjacent to the campus have been converted to office space not only by the University, but also by the various religious institutions. These conversions eliminate former housing units in an area already extremely deficient. We think that reversal of this trend should be encouraged.

While the Task Force recognizes the importance of University Research activities and encourages the development of more programs particularly if these programs involve and benefit the Berkeley community, we feel that such activity should be located on campus if possible, or in suitable <u>office</u> space off-campus. The Task Force opposes the conversions of housing stock for other uses, particularly in the campus areas, and recommends that this subject be investigated in any future housing study.

The Task Force feels strongly that the above analysis accurately describes what is happening today in Berkeley.

THEREFORE, WE RECOMMEND THAT THE UNIVERSITY ACKNOWLEDGE THAT IT HAS THE POWER TO EFFECT THIS TREND POSITIVELY, THAT IT ACCEPT RESPONSIBILITY FOR SO DOING, AND THAT ANY STUDY OR PLANNING OF ITS HOUSING NEEDS BE UNDERTAKEN FROM THIS PERSPECTIVE.

THE DOLLARS AND CENTS REALITY OF BUILDING HOUSING IN BERKELEY

Any study of University housing must include considerations of the background and reality which exists. First and foremost in 1975 is money, or the lack of it. It is a major constraint and although we do not consider it insurmountable, most decision makers within the University and throughout the entire community see it as a serious obstacle. It is followed closely by the geographical reality of the city, which is also a serious constraint. It is a small place, already very crowded, with an extremely high tax rate and recognized unmet social needs.

The Fiscal Context

Given current economic problems, the fiscal context is absolutely crucial to any consideration of University housing. A good place to begin talking about present money problems is with a brief history of Berkeley's existing University housing and how it was paid for.

The Regents and the Legislature have always believed that the business of the University system was to provide education, which did not include spending scarce money for dormitories. Until 1929 the Berkeley campus owned no housing for students. That year it acquired Bowles Hall, but it was a gift. International House was built next, also out of gift money, as was another residence, Stern Hall, completed in 1942. During World War II much of the campus was converted to military use, and a lot of temporary housing went up at federal expense. It also came down again, or was converted to other use, Late in the war, Fernwald was built with University funds, in anticipation of a great enrollment surge from veterans returning on the GI bill. Fernwald was not intended to be permanent, but it stayed and has since been converted to married student housing. Also during the war, the Navy and Kaiser Indutries each built an apartment complex in Albany. Afterwards, the University took over these and they became the Albany Village married students' apartments.

In 1950 this was the extent of University-owned housing. Many students lived in fraternities. soroities, boarding houses, co-ops or apartments, within walking distance of campus. In the 1950's, responding to long-term increasing pressure from parents that the University adopt a stronger in loco parentis role, especially with women, the Berkeley campus began to develop plans for large-scale residence halls. The next several years were spent proving to the Regents that the new dormitories were needed. The campaign was aided considerably by the then Chancellor's belief that much of a person's University education went on in his living group, which made how the students lived a part of the University's educational responsibility. And to the people administering the University at the time, a good living situation meant dormitories where students coudd be with each other while the University looked after them.

In the late 1950's the proposals to build the existing high-rise dormitories were approved. The State originally paid for the land and agreed to pay a large proportion of the construction costs, but it then withdrew forcing the University to float bond issues. These bond issues were guaranteed by the federal government under the federal student housing program, and so the money was raised easily. They are forty-year bond issues, which the University is still paying off. The most salient feature of that funding arrangement is that its terms permit occupancy by students only. This is so stringently enforced that the University cannot rent them out in summer for conferences unless they are of an "educational" nature. To convert any housing built under this program to other uses would probably require re-negotiating the loan. All housing on all campuses built since the mid-50's, which is almost all there is, was paid for by bond issues guaranteed by the federal government.

The first of the three highrises went up in 1959. For the next 5 years, all went well. The dorms were full and the University did adopt a stronger <u>in loco parentis</u> role. But in 1964 the Free Speech Movement changed all that. The Free Speech Movement and the Anti-War Movement which followed were accompanied by a great rejection of this <u>in loco parentis</u> principle. At the same time, the dorms became more expensive than the private market. The student body moved out into the community, leaving the dorms with large vacancies and large deficits. The demand for dorms is now back up and they are full chiefly because they are again price-competitive with the private market and present-day students' attitudes have changed.

Given this history we shall now examine the present-day fiscal context. The legislature is continuing its policy of refusing to pay for housing out of general funds, so any new housing would also have to be paid for by a bond issue or by some other source than legislative appropriation. However, the federal program which guaranteed past bond issues has been abolished so that the University would have to offer its bonds without that security, which means having to pay a higher interest rate to offset the risk. For example, the proposed People's Park project of 238 units was originally projected to cost about $5 million (September '75 occupancy); construction was to be financed by raising the money in the private market through 6% forty-year University housing system bond issues. However, recently the private market has not been interested in bonds for less than 9%, which has caused municipal offers to be withdrawn. Needless to say, if the University has to finance the People's Park development at 9%, the projected high rents would be even higher and few students could afford them.

The net effect of the withdrawal of federal support and of generally rising interest rates in a tight money market means that the traditional cost of financing all housing including University housing through bond issues has risen substantially. This rise in the cost of borrowing of course, translates itself into higher required rents for the finished product. Since one of the major factors which always determines whether University housing will be competitive with the private market is rents, there is a real possibility that rising costs

could make a project economically unfeasible. There are other methods of financing which could resolve this problem. They are discussed in the section on How to Pay for It.

The second major factor which determines rent is cost of construction. It has about doubled since 1968 and although the Architects and Engineers office at Berkeley is using a 10% per year increase in their planning estimates, the figures are much higher, 15% and more. The rents proposed for the People's Park project are $195 for a two-bedroom apartment, but that is on a construction estimate of occupancy in Septmeber '75, which cannot possibly be met. We believe that if People's Park is ever built, the rents will be substantially higher than those presently projected publicly, as has been the case with every other housing project built anywhere in the last seven or eight years.

The main response of builders to higher costs is to cut quality. For the University to do so would only exacerbate the problem of not being competitive with the existing private housing stock. Students have clearly indicated that they don't like tacky buildings either. For the University to build housing which in addition to being expensive is also tacky invites disaster in a housing market like Berkeley.

Our conclusion is that given the cost of financing and construction, there is a very real question whether the University or anyone else today can build housing which enough students can afford, and which they would find physically attractive enough to be competitive with private housing, unless it abandons traditional ideas and considers some of the alternative means suggested in this report.

To explain further, the University is not dependent upon State monies for the building of housing. All indebtedness in the University' s housing system is the indebtedness of the Regents of the University and not of the State of California. Whether the government provides more or less money does not necessarily affect the housing system. Presently there are two University housing systems, one called group A housing which is a program whereby the Regents go out on the bond market and sell bonds at the current market price to raise funds for housing. For a number of years, the University was quite fortunate in that the federal government had a program which picked up the University's bonds if there were no other takers. The interest was 3%. Consequently the University's bonds were in effect presold through the federal government at 3% interest for forty years which kept the debt service very low. This program was eliminated by the Nixon administration so the University, limited by the statuatory limitations of the State, must offer tax free bonds at approximately 7%. The second system, group B, is a University-purchased housing. The University borrows money from a bank and purchases the housing outright. The University then charges the minimum rate to pay the indebtedness.

There is a delicate balance between how much housing the University can build and how many students will actually want to live in insitutional housing.

In order to sell bonds and to receove favorable rates the University had to conform to government regulations which required that 1.35 times the income of the particular housing project be generated. So the University created what is called a sinking fund, which basically guarantees that if all housing were vacant for two consecutive years -- 20,000 vacancies for a two-year period -- the University could still pay off the people who purchased bonds. The University charged 1-1/3 times the rents needed for six years so that in actuality money was generated to pay for three additional years. As long as the University continued to build, the sinking fund had to increase. Now, however, since the new housing construction by the University is tailing off, the sinking fund is filling up. Possibly in the future the University may be able to self-subsidize its own housing program with net revenue gained from the sinking fund. However, because the University has grown so rapidly in the last ten years, it has required more revenue in the sinking fund than in the past.

In the mid-60's the University did begin to develop general housing policies. Recommendations in a report issued to the Regents in April of 1965 included general policies such as the University should provide housing for all students under age 21 who desired housing. Because most of the growth of the University took place at the newer campuses housing was constructed where there was no existing housing. There was an emphasis on building housing which had an educational adjunct to it, such as the residential colleges at Santa Cruz and to some extent, at San Diego and Irvine. The report, however, did not address the fact that money for housing comes from a single pot.

Each campus, each student space is charged a particular amount to pay off the indebtedness of all nine campuses. When the University built housing at the Berkeley campus, the first two residence halls were paid for by grants from the State; consequently the debt service was only ten million dollars, half of the original cost. This money served as equity in the housing system. Thus all University housing must be self-retiring; that is, it must be able to pay its own way.

The University has faced situations where considerable housing was constructed in an attempt to ease the housing problem, only to discover that they were over-built. For example, at Santa Cruz there have been years where only 80% of the housing was occupied.

The net result of all these factors of rising costs is that decision makers charged with housing policy, most importantly the Treasurer's Office in the Office of the President, have become increasingly suspicious of any proposals to build more housing. Their analysis of the cost of construction, financing and maintenance, even including all available subsidies, indicate that rents may be so high that a major question is whether students could afford to live in anything the University could now build. The other side of the question in analysing student demand in housing is that once cost and hence rents are known, it must still be determined whether there is sufficient demand for what is proposed. It is not limited to the amount of rent. Rents may be competitive, or even lower than the private market, but students may still prefer to live

elsewhere. Possibly the physical plan is not what students want; they cannot afford the cost; it is too far from campus; they don't want to live only with other students, or any of a host of other reasons which change from year to year. Demand forecasts cannot be short term. About 27 years is the shortest time in which a forty-year bond obligation can be paid by having good years the entire time and by applying the sinking fund to pay off the obligation early. So planners have to make some estimate of whether demand for a project will exist fifteen or twenty years from now.

Hence, from a fiscal point of view, the decision makers in the University are reticent about the idea of building more student housing. Rising costs of financing, construction, operation and maintenance are pushing required rental costs to the limit of what students might be capable of paying, making additional housing a risky business anywhere in the nine-campus area. There are additional reasons which make the Berkeley situation particularly difficult, which are discussed later.

The result of these fiscal nightmares has been for the decision makers to require very strong showings of sustained student demand for any housing proposed. The Treasurer's Office has traditionally asked that campuses document their claims, but after some recent instances on other campuses in which forecasts of demand were too optimistic resulting in substantial vacancies, the office has become even more strict. For the Berkeley campus to receive authorization to build beyond the People's Park project would require a very strong case. The prevailing view at both the Berkeley campus and at the Office of the President seems to indicate that demand does not exist.

We consider that rising costs, certain problems peculiar to Berkeley, and existing perceptions about demand for housing make the climate within the University system quite unreceptive to proposals for additional housing at Berkeley. This is not to say that perceptions held by decision makers are necessarily accurate, or that they could not be changed. At this point we are merely attempting to describe the fiscal reality and the perceptions held by the decision makers in the University.

PERCEPTIONS OF THE PARTICIPANTS

This section describes what we discovered to be present attitudes of various groups which affect the University housing situation. It forms the other half of the description of the relevant considerations which began with The Dollars and Cents Reality of Building Housing in Berkeley.

Perceptions in the University

Perceptions of the student housing situation vary widely within the University system. But before describing them, it would be helpful to explain some of the institutional constraints on the Berkeley campus, constraints which have a major effect on how the various decision-makers within the University perceive their available choices.

The University of California at Berkeley is a semi-autonomous unit of the immense nine campus University of California system. Much of the decision-making authority which would rest in the person holding the position of the Chancellor at a private university is here held by the Regents of the University of California and by the University-wide President, who serves as their chief administrative officer. The line of authority is as follows. The final authority lies with the California Legislature and with the Governor, who make all appropriations and have ultimate power over the University system. The California Constitution has delegated much of its authority to the Regents, who are analogous to the Board of Overseers or Board of Directors at any private university. Although the University system consists of nine campuses (Berkeley, Los Angeles, Davis, Irvine, Riverside, Santa Barbara, Santa Cruz, San Diego and San Francisco), the Legislature has directed that they be administered by a single University with only one governing board: the Regents. Each campus is headed by a Chancellor who is responsible for academic and administrative affairs on that campus, but all major decisions are subject to approval of the Regents, who view each decision in the context of the nine campus system, not as the problem of an individual campus. Thus all important decisions are subject to a decision-making process which necessarily and quite frequently subordinates what an individual campus perceives to be, in its best interest to what the Regents perceive to be the overriding best interests of the state-wide University system.

Major decisions about individual campuses are made in the Chancellor's Office and are submitted to the Office of the President and the Board of Regents for approval. For example, the Chancellor's Office here transmits yearly budget requests to the Office of the President, along with eight other campuses. The President's Office amalgamates the individual requests into a single budget, trimming here and adding there, according to financial guidelines which it obtains from the Legislature and the Regents. The result is usually that the sum of the individual requests is greater than the overall amount available, so each campus's appropriation is less than it would like. This has been especially true during the Reagan years, and although the new

Governor has promised to increase the University budget, it is unlikely that any increase will keep up with both inflation and expansion.

The decision to build additional student or other University-related housing rests ultimately with the Regents rather than with the Chancellor. Although the Chancellor's Office here may decide that a given amount of housing ought to be built, the proposal must be transmitted at the Office of the President and to the Regents for their approval. The Office of the President will review the request pursuant to its perceptions of the housing needs of the entire system.

When analysed from a system-wide vantage, considerations may fail to convince those who have to approve additional University indebtedness. For example, a Berkeley request to build more housing may not be as important as additional housing on one of the newer campuses, like Irvine or Santa Cruz, which do not have the luxury of an established Bay Area housing stock to fall back on. The fact that the Berkeley campus' failure to build additional housing is impacting present housing stock has not been sufficiently compelling to University-wide planners whose perceptions are focused on the entire nine campuses. It is important to realize that anything which the Berkeley campus decides it would like to do in the housing area, either from its own internal planning process or because of input from groups like the Task Force is subject to veto, drastic modification or approval by the Office of the President or by the Regents.

Our investigations have convinced us that any request from the Berkeley campus to build additional housing would meet considerable opposition from the Office of the President and from the Regents. What this opposition would be, and the reasons for it are discussed below.

With these considerations in mind, the report will now discuss the perceptions of the various groups of decision-makers in the University system. Although there really is no unified housing policy, almost everyone with real power is united by some degree of opposition to additional housing, if for various reasons. Unfortunately it appears to us that any decision to provide additional housing ultimately rests with those who are most opposed.

The Regents

The Regents historically have always been opposed to building student housing. When Berkeley, the first campus in the state system, was placed in an existing town, the Regents followed the German model of higher education, namely that the University's responsibility was to provide the educational facilities and not housing. This worked well up to the point that the private market in Berkeley, which was becoming a surburban city, responded to demand by some conversion of existing housing to student use and by building for the excess. The result was the creation of the whole of Southside and part of Northside as student neighborhoods, which also included large proportions of fraternity and

sorority housing.

After the war, when enrollment increased and campuses expanded, the City of Berkeley was unable to house the additional students. The newer campuses of the University were built in rural areas away from towns with an existing housing supply. The Regents began to approve proposals for University-constructed housing, but reluctantly. On the Berkeley campus, the Regents have always been reluctant to build expensive dormitories which might end up empty or underutilized because students decided that they would prefer to live in the community.

The University has never been able to build as cheaply as the private sector. During the late 1960's the dormitories were substantially more expensive than private housing. This, plus the political and social upheavals at the same time, in which many students decided they wanted as little to do with the University as possible, resulted in a great surge of demand for off-campus housing. Requests for University housing dropped off and the dorms lost money. This was sufficient cause for alarm. The Regents declared a total moratorium on housing construction.

Even in the best of times it has been difficult to persuade the Regents to approve housing for Berkeley. We were told by the campus housing office that the Regents have always strongly insisted that the campus show demand which would justify construction. In the past, when housing was approved, the University had to conduct extensive studies showing such demand. Even then it was not possible to predict what would happen in the late sixties.

The Regents have indicated (albeit informally) that if additional housing indebtedness is approved, Berkeley is far down on the list of campus priorities. Finally, the campus administration and the Regents seem not to be convinced that the demand for additional University-constructed housing exists here, given past experience. And for reasons discussed below, they feel that the demand will not be forthcoming in the future, in fact it will actually decrease.

The Rest of the University

The rest of the University shares the Regents' perceptions. Any proposal for housing starts off unfavorably as most of the decision-makers in both the Berkeley campus and in the Office of the President presently believe that Berkeley should not build more housing. This is not to say that these perceptions cannot change.

The fear of the people who have to decide whether to build housing is that there will not be sufficient demand for it over the years to pay off the financial obligation and to pay operating costs. This fear comes from various sources. First is fear that the University cannot construct housing cheaply enough so that the resulting rents will be competitive with the private market. The argument is that financing, construction, operational and maintenance costs today are so high that final rents will be more than any student will pay.

Second is the fear that there is not enough demand at estimated costs to justify building. Student demand has two components. One is whether students want housing at a given price. But there is another not quantifiable component of demand which is quite volatile and which really confounds planners. Independent of the price, students also decide whether they want to live somewhere according to their current preferences as to types of housing. These preferences change continually. In the late 1960's for example, there was a drop in demand for the highrise dorms at Berkeley which cannot be explained entirely by the fact that the dorms became somewhat more expensive than the private market. Students were tired of living in little dorm rooms surrounded by hundreds of other people just like them. Many wanted to live in the community in their own apartments. Residence halls lost money and the impact is still being felt in planning for University housing. The trend today seems to be toward group living, but the University does not know how long that will last.

Given these fears, opposition to construction of additional housing seems to come from two sources. First are those who feel that given cost considerations and the volatility of student demand, the risk of substantial loss from declining demand is too high. The way to approach this attitude is to conduct a thorough study to determine whether there is a stable demand for housing at the prices at which it can be delivered. The University is about to embark on such a study.

The second group requires even greater proof than mere sustained demand. It argues that the University should not build additioanl housing merely to shift University people from existing private housing to University housing. They argue that it is not the University's responsibility to spend money essentially subsidizing the other residents of Berkeley in the housing market. Additional housing should be built only if an additional proof is made that there are significant numbers of University-connected people who can't find housing reasonably close to campus and are moving to other cities, or if students are choosing not to come

to Berkeley or faculty are declining positions here because of a shortage of housing. This group is more difficult to persuade because it rejects University responsibilty for doing anything about its impact on the City, as described in this report.

The Task Force feels that the essentially technical objections of the first group can be analysed through careful study of price and demand. The second position is political. It can only be removed if the University is willing to compromise on some of its long held attitudes toward the surrounding community.

The Berkeley Context

The basic and overriding problem in Berkeley is that it is a very small town geographically and there is almost no land left to build anything. Most of the sites which are available are also of interest to non-university groups. The zoning and planning trends in Berkeley may be counter to what the University might need in order to expand its housing facilities.

The greatest problem is where to put new construction even if that demand exists at known costs. The University needs relatively large sites on which to build relatively large projects, not enough places like that exist. The University would have to buy land not already owned; land costs in Berkeley are astronomical. For example, the $5 million cost cited for the People's Park project does not include the cost of land, which the Regents bought for $1.3 million. The Regents have told the Berkeley campus that it may pay back the cost of the land after all other costs are met, including the bond issue, forty years from now, which is a substantial subsidy. If that $1.3 million were added to the cost of construction, the rents would be so high that clearly few students would be able to afford them.

The People's Park project seemed possible because the Regents essentially made a gift of the land to the University. But that land was purchased years ago, and the likelihood of such generosity today is remote. We believe the University should be encouraged to build on land which it already owns, of which it has a considerable amount.

As if high land costs were not enough, Berkeley is in the process of revising its Master Plan, which controls the allowable desity in the City, except for the University's holdings. The Master Plan Revision and the Neighborhood Preservation Ordinance which mandated it are the expression of a large segment of the City which wants to preserve the City's surviving single-family residential character. The City's objective is to preserve residential liveability of neighborhoods. This involves questions of area, character, density, traffic, public services and facilities, etc. The conflict between these interests and large-scale University housing projects is, however, real.

The interest of many community groups and of the University are fundamentally opposed, and to pretend otherwise is simply to ignore reality. If the University attempts to expand into the community by building additional housing, these community interests must be acknowledged.

The people who support the Neighborhood Preservation Ordinance favor down-zoning. They hope to restrict as much as possible the areas in Berkeley where large multi-unit apartment complexes may be built and also limit the spread of commercial and industrial use into residential areas. Much down-zoning has already been accomplished. The hills are zoned R-1 single family residential. Most of North Berkeley was kept R-1 and R-2 (duplex) requested by the North Berkeley Neighborhood

Council because they were concerned that potential developers might try to build multiple unit housing in the area. The Flatland has denser zoning, as high as R-4 (small apartments) in some places, but there is a strong movement in this area to also downzone. High density residential (R-5) exists on the Southside and Northside of campus, areas of primary interest to the University.

But where the zoning is congenial to the construction of University housing there are the least available sites. Most of the sites in Berkeley which are in residential neighborhoods and large enough to be worth considering are in areas where zoning does not permit the density needed. Neighborhood groups in the City are generally asking for more downzoning. One need only recall recent political history in Berkeley to see how the University would fare in any attempt to upzone in a residential area. To the extent that available sites exist in residential neighborhoods, there are competing uses for these sites for example: other institutions, open space, housing and low cost housing. These groups would bitterly oppose what they would perceive as University usurpation of scarce land.

All of these difficulties could be avoided if the University built on land which was not zoned residential. Some are included in the Appendix. What we intend to convey is that the University would minimize cost, community opposition (which in Berkeley can be strong enough to stop any project,) and restrictive zoning by building on land which it already owns, and/or presently zoned for industrial or commercial uses and not in a residential neighborhoods. This is not to say that housing could not be built elsewhere, but to the extent that new housing is proposed elsewhere, the University incurs vastly increased costs, monetary and political. Any increase in cost makes a project that much less possible. There just are not that many places in Berkeley which fit the above criteria.

City Government

To the extent that there exists a single view within the City Government it is that the increasing intrusion of the University into the City has very adverse effects, and may actually destroy the City's present character. However, its estimation of what to do about this is determined by two contradictory and competing considerations, so the City's overall response is somewhat confused.

On the one hand, perceptions of the situation, especially in the Planning Department, dictate a response that the University should build a large amount of housing for students, staff and faculty to remove as many of these people as possible from competition with other residents for scarce private housing. Such a move would help thwart speculators, hold rents down and slow down deterioration of older housing. It would also help to reduce density elsewhere in the City and slow down the trend toward converting single-family residences to multiple units for young adults or replacing them with apartment buildings.

On the other hand the City is concerned about its tax base. University housing, built in the traditional manner, would be tax exempt. If the University built on land currently on the tax rolls by acquiring presently tax-producing land, the City would be in opposition. Approximately fifty percent of the land within Berkeley city limits is already exempt from the property tax; it is not in the City's interest to remove any more. The implication of these facts requires further study.

Berkeley is also in the process of trying to control the density of the City. Any University project of the magnitude of People's Park would raise many of the same objections in the city government that are detailed in the section on Perception in the Neighborhoods. Although the City wants more student housing to ease what it perceives as excess pressure on Berkeley's existing housing stock, at the same time the City naturally does not want to increase the density of existing residential neighborhoods.

These two desires appear to be contradictory. It is the interplay between them which makes the City's housing posture difficult to deal with. The City is presently revising the Master Plan, aimed at down zoning, restricting growth, maintaining the neighborhoods, limiting the growth and decreasing the density while at the same time urging institutions like the University to accept responsibility for additional housing development. When the University accepted the demand to build housing and offered plans to build on People's Park, it was met with opposition from every quarter on every front: site, architecture, density and rents. Of course, People's Park is an exceptional case because of the symbolic aspects. The prevailing attitude in the neighborhood is: I'm for housing, but not in my neighborhood." If the University cites all

these reasons not to build, everybody shifts gears and attacks it for ignoring its impact on the community.

We do not say the foregoing in order to allow the University to city the difficulties it has encountered with the city government as an excuse not to do what we think it should do. The current attitudes within the City between more housing and lower density must be resolved.

WE THINK THAT IF THE HOUSING PROBLEM IS GOING TO BE SOLVED THE CITY MUST RECOGNIZE ITS RESPONSIBILITY TO DECIDE WHAT COMMUNITY NEEDS ARE AND TO COMMUNICATE WITH THOSE WHO MAKE THE DECISIONS COMMITTING RESOURCES TO HOUSING.

Perceptions in the Neighborhoods

Comments by representatives of various neighborhood organizations lead us to believe that there is widespread bitterness, mistrust and opposition to the University. Various reasons which were given for their opposition to building student housing include the following:

- Available land for housing is scarce in the City, and if housing is going to be built, it should be for other residents first, not students.

- There is a movement to downzone the City to prevent high density areas such as Southside. Any student housing project would increase the density with more people, traffic and noise, and is not desired.

- The University will inevitably build an ugly, modern cheap building which will become a local eyesore, destroying the architectural unity of the neighborhood.

- People are interested in maintaining a stable, peaceful residential neighborhood and feel that students are transients who take no interest in or responsibility for the neighborhood.

- Various political beliefs that the University, as a large institution, has already done enough to destroy the City of Berkeley, and certainly ought to be prevented from spreading any further out into the neighborhoods, in any form.

If the University were to come into a neighborhood with the proposal to build apartments which would be available in significant amounts to non-students, some of this opposition might dissolve.

We feel that this idea is one which the Community Affairs Committee and the people of the City might like to see adopted by the University. Some University people thought it was a good idea, but even they along with everyone else thought that it was something which the University would never accept. Given the overall reluctance to build even student housing, the growing fiscal problems, and the scarcity of useable sites in Berkeley, the attitude we encountered everywhere was: "We are an educational institution, with little enough money and almost no place to house the people who come here to school. We are not in, and cannot be in, the business of providing housing for non-University connected people."

WHAT TO BUILD

If it is determined that sufficient demand exists to insure full occupancy over the long term at the rentals required by construction and financing costs, the inquiry should move from the realm of whether to build to what to build. That question is also complex, but lends itself to examination in parts: What Kind of Housing to Build, How to Pay for It, Where to Build It.

What Style of Housing to Build

This is a very complicated question because it is necessary to juggle three separate considerations: 1) building in a style which will attract the most demand over the long run, 2) in a style which will give maximum flexibility to change to other uses if demand does fall off, and 3) in a style which minimizes construction costs, but without resulting in housing so shoddy or unattractive that demand is driven away.

To make a complete recommendation about what to build requires a thorough study which we did not have the resources to make. To do so would require data about the housing preferences of University students which does not now exist.

THEREFORE, THE HOUSING TASK FORCE STRONGLY URGES THAT ANY UNIVERSITY INQUIRY INTO THE HOUSING FIELD CONTAIN A COMPONENT DESIGNED TO IDENTIFY POTENTIAL CONSUMER PREFERENCES IN HOUSING. WE REALIZE THAT THE PRESENT GENERATION OF STUDENTS MAY NOT BE A VERY ACCURATE INDICATOR OF WHAT DESIRES WILL BE TEN YEARS FROM NOW, BUT WE STILL BELIEVE THAT PRESENT STUDENTS OUGHT TO BE SURVEYED. THE UNIVERSITY HAS TO BE CAREFUL ABOUT WHAT IT CONSTRUCTS AND IT OUGHT TO MAKE THE SAME TYPE OF MARKET STUDY THAT ANY PRIVATE CORPORATION WISHING TO INTRODUCE A NEW PRODUCT WOULD INITIATE, RATHER THAN RELYING ON TRADITIONAL ASSUMPTIONS ABOUT STUDENT'S HOUSING, WHICH MAY OR MAY NOT BE SUPPORTED BY REALITY.

However, we have reached certain definite conclusions. We would first like to point out that investigations of needs for University housing have traditionally considered only students. In addition to the approximately 27,000 students at Berkeley, there are also 13,000 faculty and staff who are having the same difficulty finding housing. Any investigation of University housing should include this group.

The problem is particularly acute for junior faculty, who find it almost impossible to find adequate housing for their families in Berkeley, at a price they can afford. The availability of housing or the lack of it does not yet appear to have become a significant factor in people's decisions whether to accept academic jobs at Berkeley, but there is already concern at certain levels in the University that the problem is on the horizon. Our investigation has convinced us that the problem is very real and that the University should take a good, hard, in-depth look at the housing needs of its faculty and staff. In actuality about one half of the faculty and staff currently live outside of Berkeley. The innovative and highly successful building program that relieved a good part of the problem of housing for junior faculty at Stanford deserves investigation.

We only intend that the Stanford experience serve as a starting point. We do not mean to imply that junior faculty should be the sole recipients of a University building program, only that this group should have some priority.

WE WANT TO EMPHASIZE PARTICULARLY THAT WE CONSIDER THE HOUSING PROBLEMS OF STAFF TO BE AS ACUTE AND IMPORTANT AS THOSE OF THE FACULTY, AND STRONGLY RECOMMEND THAT THEY BE INCLUDED IN ANY STUDY AND IMPLEMENTATION. ANY PUBLIC BODY WHOULD BE CONCERNED FOR ITS EMPLOYEES. WE ALSO RECOMMEND THAT IN DEALING WITH THE HOUSING SITUATION, THE UNIVERSITY HAS HISTORICALLY SEEN IT ONLY IN TERMS OF STUDENTS, RARELY FACULTY AND NEVER STAFF. THAT TENDENCY WILL PROBABLY COME UP IN THE UNIVERSITY"S FORTHCOMING HOUSING STUDY --- THE TASK FORCE WISHES TO STATE AS EMPHATICALLY AS POSSIBLE THAT THE HOUSING ISSUE IS NOT LIMITED TO STUDENTS, BUT INCLUDES FACULTY AND STAFF AND THAT THE UNIVERSITY HAS A DUTY TO CONSIDER THE ENTIRE PROBLEM.

It is probably safe to say that faculty and staff are not interested in dormitory-type buildings like the high-rise residence halls. Their perferences run toward traditional apartments and houses, with private kitchens and bathrooms. While this group might accept some departure from this norm, it is unlikely that faculty and staff, particularly those with families, will be interested in any great degree in dormitory living arrangements. So long as rents are competitive, there would probably be a steady long term demand from faculty and staff for traditional housing.

Students' housing preferences are harder to predict. The present trend is away from single-room in loco parentis highrise dorms toward more group arrangements, such as residences in which students share suites of rooms, connected by common living rooms.

Another advantage to building apartments rather than dormitories for students is housing flexibility. The University's greatest fear about more housing -- especially student housing -- is that demand will drop off, leaving it with buildings which aren't generating enough revenue to pay for financing. The soundest way to deal with this is to construct buldings which can easily be converted to other uses if demand drops. A disadvantage of dormitories is their inflexibility. They might be converted into offices, which aren't really needed and which don't generate revenue unless internal rent is charged, and paid for by externally generated funds such as research grants. Projects in the Rochdale mold and traditional apartments like the People's Park project do not have this difficulty. If the University has apartments and students do not fill them, they can be rented to other citizens.

This brings us to the third consideration of what to build: minimizing the costs of construction. Our budget for preparing this report did not permit an investigation into the present state of construction technology or cost-cutting design innovations. However, a limited inquiry among the architectural and building community in Berkeley has convinced us that such an investigation ought to be made. Therefore, the Task Force recommends that any study of the

University housing problem contain a component designed to investigate the viability of new techniques of construction, and non-traditional designs for housing. We have discovered that there is a large pool of talent in the Bay Area, especially at the University, of people doing innovative work in this area, which could be useful. Particularly promising seem to be modular construction, pre-fabricated housing and designs which by departing slightly from traditional norms realize substantial savings.

Another area of cost-saving construction which ought to be explored is energy conservation. Energy is no longer cheap and utility costs are now a vastly larger percentage of operating expense.

How to Pay for It

The traditional method of financing University housing has been through bond issues. The University offers low-yield, tax-free forty-year revenue bonds to the private market and employs the money raised to build housing. The University undertakes the entire job itself. It commissions and approves the plans, issues the bonds, lets the contracts for construction, and retains title to the buildings. After the buildings are finished the University operates and maintains them. The students' cooperatives which depart from this mold build and operate their own housing as a non-profit corporation. * Financing is from various sources other than bond issues, most recently a low-interest federally-funded construction loan from the now defunct Federal College Housing Loan Program.

This method has worked in the past, but it is in trouble now because of high interest rates. Institutions like the University have been unable to find buyers at the interest rates they desire; the private market has not been interested in purchasing bonds except at a substantially higher rate of interest. Recently, an institution in the East offered revenue bonds at 6%, but had to withdraw them when the market responded with a demand for 9%. It was proposed that the People's Park project be funded by 6% reveneue bonds. The Task Force learned that the University cannot find buyers at that price. People's Park was projected to require rents of $195 for a two-bedroom apartment, with construction costing about $5 million at 6% forty-year revenue bond financing. If the project is delayed a year, which seems likely, pushing the cost up to $5.75 million and financing is at 9%, the rents will rise considerably. Who is going to live there then?

Fortunately, there is no legal limitation to the amount of indebtedness the University system can incur for housing. The amount of money which can be raised is limited only by the private market's response: will it buy the bonds at rate of return offered? The answer to this depends on the rates of return

* see Appendix regarding Co-ops

available elsewhere and the buyers' assessment of the University's ability to meet succeeding bond obligations. We know that present rates of return offered are definitely skirting a level too low to move the issue. There has been a recent slight downward move in the prime rate, but we do not know if it indicates any trend. However, there is a possibility that institutions like the University may have to accept a new reality in which they will have to pay interest on borrowed money which eight years ago would have been considered ridiculously high. We have no information on investors confidence in the University's ability to pay the bonds, but its bond rating is still excellent.

There are alternatives to this method of financing, construction and ownership which would be of considerable benefit to the University.

THE TASK FORCE RECOMMENDS THAT THE UNIVERSITY CONSIDER SERIOUSLY THE OTHER METHODS OUTLINED BELOW, AND THAT ANY STUDY OF UNIVERSITY HOUSING NEEDS INCLUDE A COMPONENT TO INVESTIGATE THE ENTIRE AREA OF FINANCING.

We question the assumption that the University should itself raise the money, build, own and manage the housing. This entails considerable expense, responsibility and increased administration, all of which need not be the University's problem. There is another way to do it. The University could provide the building site, either by buying it or by making its own land available. It could then execute a long term ground lease, say 99 years, for nominal consideration, say $1 per year, to the organization which was actually going to construct and own the housing. This could be a private developer. Or if the politics of the situation dictate keeping the project out of the private sector, it could be a non-profit corporation like the cooperatives, or one organized specifically to develop the proposed housing.

The corporation, profit or non-profit, would do the rest, subject to guidelines negotiated with the University to insure compliance with its perceived housing needs. It would have plans for the project drawn up, which it would then take to the Department of Housing and Urban Development (HUD) in an application for an FHA-insured construction mortgage. The Task Force has determined from private developers in the Berkeley area that once the FHA guarantee is obtained, the private market will readily make the money available. The current interest rate is 9-1/2% on a 30-yr. mortgage. The prevailing estimate as to time necessary for approval is that despite HUD's reputation for monumental slowness, it can take as little as 90 days from submitting the application to beginning the construction, provided: 1)that complete architectural plans accompany the application so that HUD can check the project against agency guidelines (if the plans are incomplete, approval will be withheld until they are reviewed), and 2)the builder employs as a consultant any of a number of firms in the area which have been dealing with HUD for a good many years and know their way around the agency.

The construction contracts can be let and the project completed. The non-profit corporation or other builder can manage the property or hire a management company.

The great advantage of this method of financing is that the University does not have to be involved. The University would have only the responsibility for consultation to insure that design and proposed rental policy meet the University's standards and for initially providing the building site, and tax exemption. This relief from incurring additional University indebtedness for housing ought to be particularly welcome.

It is important to note, however, that the viability of this proposal depends on receiving two important subsidies. Rents can be held only at a level competitive with the private market if the cost of construction does not include any land acquisition and if operating costs do not include property tax. Land is so expensive in Berkeley, and property taxes so high that if a project had to pay both, resulting rents would be much higher than students could be expected to afford. A soft money subsidy would be necessary, and the Task Force opposes employing it because it is unrealistic to rely on the continued availability of any such monetary subsidy for the life of the project. Therefore, the University would have to make the land available, and title to the project would have to be in the name of a non-profit organization.

Other methods of financing include: 1)expanding the cooperatives by the above device of essentially subsidizing acquisition of land, and assisting them to obtain construction loans; 2)engaging in cooperative efforts with the city, private non-profit organizations (existing or to be established), or private developers to build mixed student and non-student housing. There are various federal funds available for construction, especially at present for senior citizens' projects, which could support a non-student portion. The use of pension fund monies of both City and University was investigated. The obstacles to the use of such funds are so great that the idea is totally unrealistic at this time.

The Task Force is concerned that the University in making the housing study will analyse financing only from the traditional method of bond issues, which very possibly will lead to the conclusion that it cannot afford to build any additional housing. We feel that there exist other means of financing which would result in rents competitive with existing housing.

THEREFORE, WE STRONGLY RECOMMEND THAT ANY UNIVERSITY STUDY INCLUDE A COMPONENT WHICH SERIOUSLY EXAMINES THESE ALTERNATE MEANS.

Where to Build

A list of possible sites in the city of Berkeley is included in the Appendix. Each is examined in terms of size, present use, present ownership, zoning and the policies set forth in this report. Both advantages and disadvantages are indicated. No final judgments are made on any of the sites, but we do consider

some to be particularly desirable. The attached map indicates the approximate location of each site.

Although all sites are in Berkeley, the Task Force feels that the time has come when the University must begin to look elsewhere. Berkeley is a small, crowded and expensive city; its capacity to absorb additional dense residential development is severely limited. Historically, students have preferred to live as close as possible to any campus, and developers in other University of California campus towns have had difficulty in attracting student demand for projects which are as little as 2-1/2 miles away. This is considerably less true for staff and faculty and somewhat less so for graduate students.

However, students today have to pay quite a high price for wanting to live within easy walking distance of school: high rents, shoddy apartments, no place to park, higher crime, and long searches for places to live. The Task Force has received some indication that the present student response in Berkeley is to move farther away from campus. Studies show increasing numbers of students moving out of the traditional one-mile radius around the campus into other areas of Berkeley, and even significant numbers moving out of the city entirely, according to the Housing Office.

The Task Force believes that the market for University-supplied housing is much more willing to trade the advantages of being so close to campus for availability, quality and reasonable rents than it has in the past. This can only widen the choice of available building sites. In deciding where to build, the University had to balance considerations on two sides. On the one hand are the high cost of land acquisition, the high cost of construction, the limited availability of land, the city's disappearing tax base, and the political struggle involved in building in Berkeley. On the other hand, is the presumption that the farther away from campus housing is, the less demand there will be for it. The Task Force feels that the balance has tipped away greatly from an overriding desire to be so close to school, but we have not done the necessary research to substantiate this feeling.

THEREFORE, <u>WE RECOMMEND</u> THAT ANY STUDY BY THE UNIVERSITY INCLUDE A COMPONENT TO INVESTIGATE THE WILLINGNESS OF THE MARKET (FACULTY, STAFF AND STUDENTS) TO LIVE FARTHER FROM CAMPUS THAN IT HAS IN THE PAST. <u>WE FURTHER RECOMMEND</u> THAT THE UNIVERSITY INVESTIGATE THE AVAILABILITY OF BUILDING SITES OUTSIDE OF BERKELEY, PARTICULARLY ON THE OTHER SIDE OF THE HILLS AND TO THE NORTH IN ALBANY, EL CERRITO AND RICHMOND.

Beyond walking distance, public transportation becomes crucial since there is little parking around campus for students. For this reason, sites along BART lines to the north or toward Concord are particularly good. Elsewhere or even on these sites, the University may have to provide bus transportation like Humphrey Go-BART, which could be paid for out of rents or subsidized.

In conclusion, we submit this report in hopes that the information included is useful in the resolution of a difficult and complex housing problem.

The Housing Task Force of the Community Affairs Committee recognizes that there are no simple answers; however, we hope that the City and the University will take immediate action to implement the recommendations made in this report and move rapidly toward a viable housing situation in Berkeley.

Appendix I

The following site descriptions have been developed by the Berkeley City Planning Department and represent those sites which might be considered for additional student housing in Berkeley.

The Housing Task Force has identified those sites that appear to be the most appropriate and consistent with the findings and recommendations of the Task Force Report. These sites are identified with an asterisk.*

The Housing Task Force also recommends that a process be established to evaluate the various alternatives presented. This process should include a thorough Environmental Impact Report with an emphasis on the analysis of the economic and social factors.

The Task Force has considered the following areas of inquiry to be particularly useful and has discussed the Harrison Street site accordingly.

- Does the University currently own the property?
- Is the property large enough to accomodate a number of units?
- Does the alternative site cause minor neighborhood problems?
- Is there the possibility for design and planning integration with existing University facilities?
- Can costs and financing be secured and is there a possibility for a cooperative financial venture?
- Are there additional surrounding site amenities?
- What is the impact on traffic, circulation and parking?

These are only a few areas which the Task Force identified; however, these areas should be included in any detailed Environmental Impact Report on future student housing considered by the University.

Because of the limited funds and because of the very real needs for more housing, the Task Force recommends that the Harrison Street site should be investigated at once and that leasing of the site to a cooperative taxfree organization for building and managing or to a responsible private developer be considered as soon as possible. Important, however should be the relationship of any proposed development to the existing Berkeley Youth Hostel which currently occupies a central site in the Harrison Street property.

BANCROFT SITE*

Location: East of Fulton Street between Bancroft and Durant.

Size: 2.8 acres.

Present Zoning: R-5 (high density residential) on the University portion and C-2 (Central Business District) Commercial on the private portion.

Ownership: 2.4 acres owned by University between Bancroft and Durant with .4 acres along Fulton in private ownership.

Present Use: Parking.

Policies and Consideration:

1. The private area has been approved for construction of a branch bank.

2. As with the People's Park site, the City Master Plan calls for high density residential though this is up for revision. The residential, commercial and institutional uses in the immediate area are not as intense as at People's Park, but traffic is at least as heavy and perhaps more heavy.

3. One alternative in the University's Environmental Impact Report will consider 238 units on this site - indicating a similar project to the alternative on People's Park but with higher rents.

4. The University's long-range development plan (1962) calls for parking on this site.

Discussion:

There is interest in this site as being closer to the CBD where it can benefit from shopping and transportation access over that in the central south campus area. This would also create more linkages between the University and the downtown. However, this site is also in a highly congested area and it is unlikely that housing would be agreed to unless a significant portion of the site could be given over to open space. Some public facilities or services could be provided, and a smaller number of dwelling units planned.

PEOPLE'S PARK

Location: Area bounded by Dwight, Bowditch and Haste behind commercial properties along Telegraph Avenue.

Size: 2.8 acres.

Present Zoning: R-5 (High Density Residential).

Present Use: Parking and open vacant land.

Policies and Considerations:

1. The current Master Plan (which is under revision) calls for high density residential development throughout the South Campus (Bancroft, Fulton, Dwight and Prospect) except for a community shopping area along Telegraph. It does not relate the extensive institutional uses (churches, U.C.) to this residential policy.

2. Commercial uses have expanded from Telegraph on all the East-West streets, especially Bancroft to increase the intensity of activity in the area.

3. The University is currently preparing a plan for 238 units on this site with alternatives on the site and to the site being developed in an Environmental Impact Report to be issued in the near future.

4. Since the confrontation of 1969, there has been a high level of resistance to any development on the site.

5. The University's long-range development plan (1962) calls for Residence Halls on this site.

Discussion:

Many groups have and in the near future will be discussing the appropriate use of this land and means of providing University-related housing. These include the Housing Committee, Planning Commission, ASUC, Master Plan Revision Committee and Community Affairs Committee. The major advantage of the site is its proximity to campus. The major disadvantage is the high level of intensity of activity (institutional, residential and commercial) in the area as compared with the small scraps of open space to relieve it. An additional concern is that the rentals projected for the housing are high.

HARRISON STREET SITES*

Location: In northwest Berkeley bounded by 3rd Street, the northern city limits, 8th Street and Harrison Street.

Size: 2 parcels presently owned by the University contain 12.4 acres. A private parcel between the 2 plus the streets could increase the site to 16.4 acres.

Present Zoning: Manufacturing.

Ownership: As indicated, two parcels are presently in University ownership and a block between the two is in private ownership.

Present Use: The University property is unused at present. The private parcel contains light industrial use (cabinet manufacturer and small laboratory). Much of the private parcel is given over to parking, outside storage and a loading dock.

Policies and Considerations:

1. The property is adjacent to Albany Village Student Housing.
2. The City's Master Plan calls for this land to be industrial. Indeed, there are no residential uses in the area except the University development to the north.
3. The University has indicated no development plans for the properties.

Discussion:

The major positive features of the site are:

1. It could be integrated with and become an extension of Albany Village and thus benefit from the services and open space already there, including child care and shuttle service to the campus.
2. It is convenient to public transportation on San Pablo and neighborhood services at Gilman and San Pablo.
3. The sites already owned are large enough to be integrated into Albany Village even without the additional private parcel.

The major disadvantages are:

1. It is some distance from the campus.
2. It is surrounded on three sides by industrial uses and is very close to the Eastshore Freeway. A buffer would be needed to insure residential amenity.

SCHOOL FOR THE DEAF AND BLIND*

Location: In southeast Berkeley bounded by Dwight, Warring, Derby and the eastern City limits.

Size: Approximately 74 acres. A larger parcel to the rear is under 10-year lease to the East Bay Regional Park District.

Present Zoning: R-3 (medium density apartments)

Ownership: Presently owned by the State, but the State has declared its intention to relocate the schools so property will be available for other use.

Present Use: The westerly 45 acres are occupied by the Schools for the Deaf and Blind with the easterly portion in open space. Development includes a number of buildings, roads and incidental structures (fences, etc.).

Policies and Considerations:

1. The Hayward Fault crosses the property which will probably legally prevent its use for other than residential or open space purposes.

2. The City's current Master Plan shows the property as open space. This is premised on its continuation as a school. The entire plan is now being revised.

3. Since it is currently in State ownership, first right of refusal goes to State agencies, including the University.

4. The City Planning Commission is currently considering the most appropriate use of this land.

5. The easterly portion of the site is quite rugged with the westerly portion more gently rolling.

Discussion:

Its size and close proximity to the University give this site excellent potential for University-related housing. As indicated, the earthquake fault limits its alternative uses. The size of the site calls for careful planning to preserve its natural beauty while meeting pressing needs. The site has potential for innovative planning, including mixing various types of housing (family, single, faculty, students, etc.), imaginative use of existing buildings perhaps, and the integration of public open space and housing. The major problem is the congestion surrounding the site. A development on this site could contribute to already bad traffic conditions. Public transportation would need to be strengthened. Additionally, the site is not convenient to local shopping.

The State Department of Recreation is studying the site for possible use as an urban park.

NORTHSIDE SITE*

Location: Between Ridge, Highland, Hearst and LaLoma.

Size: 1.8 acres

Present Zoning: R-5H (high density residential hillside).

Ownership: About 2/3 is University ownership with the remainder in various private ownerships.

Present Use: Low density residential.

Policies and Considerations:

1. An alternative being considered by the University's Environmental Impact Report calls for 152 units on this site with higher rents than any other site.

2. Similar to the South Campus, the Master Plan calls for high density residential in this area. Here, this is more consistent with actual development though West the intensity of institutional and commercial uses builds up rapidly.

3. The University's long-range development plan (1962) calls for Residence Halls on this site.

Discussion:

This site currently contains housing which would have to be removed if a large development were to occur. As with all sites immediately adjacent to the campus, there is already a high level of congestion . An intense residential development would certainly increase activity over that produced by the more modest residential uses now on the site. Access to the University is excellent. Access to other centers, public transportation and shopping, however, are poor as compared to other locations.

HEARST STRIP

Location: The north side of Hearst Avenue between Sacramento and Milvia.

Size: A total of 7.35 acres west of Grove and 1.8 acres east of Grove on 6 seperate parcels. Total does not include street rights on way between parcels.

Present Zoning: R-2 (duplex) west of Grove, C-1 (Commercial) adjacent to Grove and R-5 (high density residential) east of Grove.

Ownership: Bay Area Rapid Transit District.

Present Use: Vacant except for user developed park at Grant and Hearst, and some storage use by BART.

Policies and Considerations:

1. Currently, City's policy is that (a) "The primary use of the Hearst Strip should be for residential development and portions of the development should further the need for moderate and low income housing; (b) Intensive residential development should be limited to those parcels immediately east of the transit site--all development along Hearst Strip should be designed in such a way as to be compatible with the character of existing development adjacent to the strip; and (c) Portions of the Hearst Strip should be acquired for park or mini-park purposes--particular attention is directed to the area (1) between Grove and Milvia Streets, and (2) between Grant Street and McGee Avenue."

2. The current Master Plan calls for moderate density (50-80 persons per acre) west of Grant and high density (80-150 persons per acre) east of Grant. This is under revision.

3. The Land Use Committee is currently re-studying development policies and plans for this area. Meetings with neighborhood residents are being held.

4. BART is expected to put the land up for sale in the near future.

Discussion:

These sites have good accessibility to the University and public transportation (AC and BART). Access to shopping is reasonably good. Current zoning calls for low density development west of Grove. There is much interest in the neighborhood in obtaining open space and other public facilities from this resource as well as to insure that development is not detrimental to existing development. The site is being sought for general low and moderate income housing and an exclusively University-oriented project is apt to meet resistance in the community. A joint City and University development serving various needs might be more suitable. The individual sites are quite small, but the potential exists to close some streets to permit enlargement and combination of sites.

OXFORD TRACT*

Location: The block bounded by Oxford, Virginia, Walnut and Hearst.

Size: 5.65 acres.

Present Zoning: R-5 (high density residential).

Ownership: University of California.

Present Use: The Agricultural School of the University of California.

Policies and Considerations:

1. Any use of the site would involve discontinuing the present University activities there. No indication has been made that this is possible.

2. The current Master Plan calls for high density (80-150 persons per acre) on the site. This is presently under revision.

3. The University's long-range development plan (1962) calls for continued use of the site for greenhouses and planting primarily.

Discussion:

Given its central location, this site is used at a very low intensity. It does not appear inappropriate to consider relocation of the activity to a more remote location. The site itself is central to the campus, to transportation (AC and BART) and to shopping. It is surrounded by residential uses. The site is large enough to permit inclusion of open space and supportive services which could benefit the area which is already densely populated. The present open character is an asset to the area and care would be needed to insure that any new development is an improvement.

SANTA FE AND ADJACENT SITES

Location: Along and adjacent to the Santa Fe right-of-way between Bancroft and Addison.

Size: 5.5 acres (including 1.4 acres between Bancroft and Allston, 1.88 acres of Santa Fe right-of-way between Allston and Addison, .35 acres of public street and 1.87 of privately owned vacant land north of Allston Way).

Present Zoning: R-2 (except for small portion R-4 adjacent to Addison).

Ownership: Large parcels are owned by Santa Fe; smaller portion private (Wallace Johnson) and City right-of-way between (.35 acres).

Present Use: The railroad right-of-way is still used once or twice a day for trains. Private land used for some storage purposes, but mostly vacant.

Policies and Considerations:

1. Santa Fe has indicated its interest in closing down the railway line through Berkeley and selling the land if an agreement on terms could be reached.

2. The City is interested in the land, but two bond issues for purchase have not received the required 2/3 vote (a majority have approved in the two most recent elections.)

3. The zoning was made more restrictive a few years ago and now seems consistent with neighborhood concensus. This is consistent with the current Master Plan density of 30-50 persons per acre. This plan is under review.

4. The property is adjacent to the City's corporation yard. The City would like to move the corporation yard to an industrial location and make the land available for recreation, housing and/or other more suitable uses, but have not been able to obtain the funding to implement these plans.

Disucssion:

This site lends itself most suitably to a cooperative City-UC type project. The City is interested in more open space in the area, more low and moderate income housing and eventually, development of a bike path or other cross town route along the Santa Fe right-of-way. The Strawberry Creek Senior Citizen Housing is northeast of the site between Allston and Addison. There is at present a shortage of public recreation and UC development would be welcome only if it could meet some of these neighborhood needs in the process. Access to AC is quite good; shopping is close by on University Avenue. Accessibility to the Campus is fair--easy bike ride, but very long walk. The West Campus Swim Center, new Tot Lot and Bowling Green are the convenient public facilities.

DOWNTOWN SITES *

Location: Several sites along the west side of Oxford and similar under-used parcels in the CBD (area bounded by Channing, Fulton, Oxford, Hearst and Grove)

Size: Individually small (under 1 acre); total would depend upon properties included.

Present Zoning: C-2 (Commercial)

Ownership: Private, City and University

Present Uses: Parking, auto oriented commercial, light industrial.

Policies and Considerations:

1. The present Master Plan calls for intensive commercial (retail and office) in this area. The Master Plan is being revised.

2. Legal requirements of bonding may limit City from removing parking lots from this use. If the property were sold, the proceeds might pay off enough of the bonds to permit removal of the parking, but this cannot be stated with certainty.

Discussion:

These sites are attractive because of their excellent access to transportation (BART and AC), the University, and shopping. They would also serve to increase the resident population of the downtown which many view as desirable. Such housing would provide a real link between the downtown and the campus which often, despite their proximity, appear to be isolated from each other and serving entirely different groups. The major disadvantage is the intensive traffic and other activities and relatively short supply of parks, open space and other community services.

AIR RIGHTS DEVELOPMENT

Location: North Station - Block bounded by Sacramento, Virginia, Acton and Delaware.
South Station - Sites on either side of Adeline between Ashby and Woolsey.

Size: North Station - 8 acres.
South Station: Sites of 3.3 and 3.6 acres.

Present Zoning: North Station - Unclassified.
South Station - West of Adeline - C-1 Commercial
East of Adeline - C-1 Commercial and R-3 Medium Density Residential

Ownership: Bay Area Rapid Transit District - City has option to purchase

Present Use: Surface parking and transit station.

Policies and Considerations:

1. The Policy Statement (August 20, 1968) on the North Station includes the following about air rights over the station:

   "The North Station air rights should be designated for primarily residential use, with commercial and institutional uses encouraged only to the extent necessary to serve the residents."

2. The Policy Statement (February 27, 1968) on the South Station area includes the following about air rights over the station: "Development of the air rights should be planned for:

   a. Multiple uses (residential, commercial and public facilities.)

   b. Pedestrian open spaces but no extensive recreational park.

   c. Residential development for all income groups; low and middle income housing should be included. The eastern portion of the site appears particularly appropriate for family housing.

3. Because of restrictive zoning of the Hearst Strip, it appears the City would have to come up with additional funds to obtain title to the air rights from BARTD. There is discussion on whether this will be done or should be done.

Discussion:

The major deterrent to use of the air rights is the large initial expenditure required to build a platform on which further development could occur. In the North Station area, there is strong resistance to intensive development and the costs for low intensity development are very high when

the cost of the platform is considered. Any use that would be acceptable at present (such as recreation, or low density residential) would require a heavy subsidy. The South Station area has the same initial cost problems. While it lends itself to more intensive development because of its location along major thoroughfares and near major commercial areas, the actual development of the type of multiple use facility that has been envisioned is very complex. Both locations are well served by both AC and, of course, BART; each is also convenient to shopping. The North Station is slightly closer to the University though neither is within easy walking distance. Either site would be more acceptable for University-related housing if development included integration with housing to meet other community needs, open space and services to meet community needs.

HERRICK HOSPITAL PROPERTY

Location: The block bounded by Dwight, Milvia, Blake and Grove

Size: 3.5 acres

Present Zoning: R-5 (high density residential) and C-1 (Commercial) along Grove Street frontage.

Ownership: Herrick Foundation

Present Use: Surface parking; open lot

Policies and Considerations:

1. This property was purchased by Herrick Hospital for expansion. Original plans did not materialize and it is unknown if future expansion will occur.

2. The City's present Master Plan calls for moderate density residential (50-80 persons per acre) for the area. The Master Plan is being revised at this time.

3. This property is also in the Model Neighborhood Area.

Discussion:

This property is very convenient to the University and relatively convenient for public transportation, especially AC. It is less convenient to shopping which is a half mile away. The size of the site offers flexibility in developing a combination of housing, service facilities and open space.

See discussion under the Savo Island Project Area for problem of potential conflicts with housing needs of South Berkeley residents and the need for consultation if this site should be available for other than medical service use.

SAVO ISLAND PROJECT AREA

Location: Within the Savo Island Project area bounded by Milvia, Ward, Adeline and Russell.

Size: There are two sites. One is a triangular block totally .61 acres and the other is part of a block totally .56 acres.

Present Zoning: C-1 (Commercial)

Ownership: Private (Anselmo & Martino)

Present Use: Vacant (previously contained war housing which has been demolished.)

Policies and Considerations:

1. A preliminary plan has been prepared by the Project Area Committee for this area which seeks "to permit the creation of additional low and moderate income housing. It is also intended that to the extent practicable to include commercial, community facilities, public park and open space." No demolition of existing housing is planned.

2. The parcels sited are the only presently vacant land in the area.

3. On the larger parcel, there is presently an approved plan to build assisted senior citizen housing. Construction has not yet begun; it is not known at this time if the project will eventually be completed.

4. The area is part of the Model Neighborhood.

5. The City's present Master Plan calls for service commercial in this area. The Model Cities Program would like residential use preserved, expanded, and strengthened. The Master Plan is being rewritten at the present time.

Discussion:

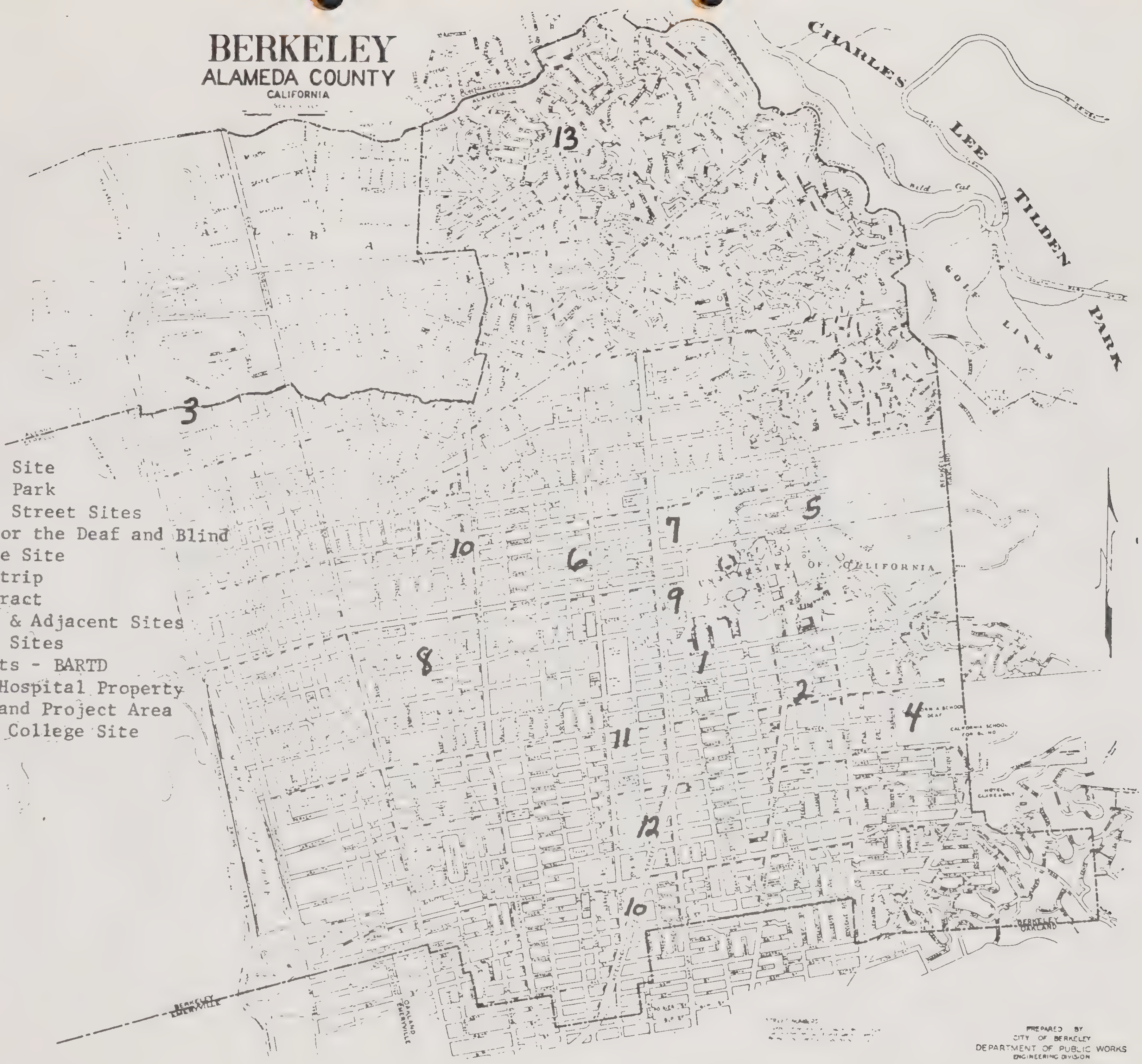
The site has much to offer. It is extremely well served by public transportation (BART and AC transit). It is close to shopping. Distance from the campus is not great (about 1 mile). While the sites are relatively small, they could contribute to the distribution and integration of the University-related population rather than its concentration in large projects.

The major drawback is the concurrent need for low and moderate income housing by residents of the area. This is a goal of the project as presently planned and of the Model Cities Program as a whole.

Any serious evaluation of this site should involve consultation with the Savo Island Project Area Committee and the South Berkeley Model Cities office.

GAYLEY ROAD (Piedmont Avenue)

In addition to the previous sites, the Task Force feels that student housing could be accomodated along Piedmont Avenue (Gayley Rd.) north of Bancroft with a minimum of impact. Particularly the reconversion of research and other institutional use to housing in this area should be examined carefully.



1. Bancroft Site
2. People's Park
3. Harrison Street Sites
4. School for the Deaf and Blind
5. Northside Site
6. Hearst Strip
7. Oxford Tract
8. Santa Fe & Adjacent Sites
9. Downtown Sites
10. Air Rights - BARTD
11. Herrick Hospital Property
12. Savo Island Project Area
13. Williams College Site

HOUSING: THE CITY AND THE UNIVERSITY

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